

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

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R 200840Z DEC 73

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 1166

INFO AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

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USMISSION EC BRUSSELS

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UNCLAS STOCKHOLM 4515

E.O. 11652: N/A

TAGS: ECON, EIND, ENRG, ETRN, SW

SUBJECT: SWEDEN RATIONS GASOLINE, OIL, AND ELECTRICITY IN NEW YEAR

REF: STOCKHOLM'S 4379

1. SUMMARY: GOS WILL MOVE NEXT MONTH FROM VOLUNTARY OIL SAVINGS PROGRAM TO RATIONING AND QUOTA SYSTEM COVERING MOST TYPES OF OIL AND ELECTRICITY. RESTRAINTS ON SUPPLY TO INDUSTRY WILL BE LIGHT, BUT THOSE AFFECTING INDIVIDUALS ARE MORE SEVERE THAN ANTICIPATED. WHILE OIL RESERVE STOCKS AMOUNT TO SOME THREE MONTHS' CONSUMPTION, GOS EXPECTS SIGNIFICANT IMPORT SHORT-FALLS OVER NEXT QUARTER. CONTINUING EFFORT IS BEING MADE TO PURCHASE OIL DIRECTLY FROM MID-EAST PRODUCERS.

2. COMMERCE MINISTER FELDT ANNOUNCED AT PRESS CONFERENCE DECEMBER 18 THAT REDUCED SUPPLY OF PETROLEUM PRODUCTS TO SWEDEN REQUIRED "FAR-REACHING MEASURES. . . TO MEET SITUATION OF CONTINUED SERIOUS DISRUPTION IN SUPPLIES, "AND THAT IT WOULD BE UNCLASSIFIED

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"FOOLISH TO EXPECT RAPID RETURN TO PAST CONDITIONS." WHILE

NOTING THAT COUNTRY'S RESERVES OF PETROLEUM PRODUCTS WERE SUFFICIENT FOR THREE MONTHS' NORMAL CONSUMPTION, IT WAS NECESSARY TO MAKE "LARGE CUTS IN CONSUMPTION OF OIL, ELECTRICITY, AND GAS TO MAINTAIN PRODUCTION AND EMPLOYMENT AND TO SECURE NECESSARY COMMUNITY OPERATIONS." ALTHOUGH PRIMARILY AFFECTING INDIVIDUAL CONSUMERS, INDUSTRY AND COMMERCE WOULD ALSO BE SUBJECT TO ENERGY CUTS. PRIME MINISTER PALME WILL ADDRESS NATION ON SUBJECT TODAY, DECEMBER 19.

3. OIL AND GASOLINE RATIONING PROGRAM WAS ANNOUNCED AS FOLLOWS: STANDARD PASSENGER CAR GASOLINE RATION WILL BE 100 LITERS FOR PERIOD JANUARY 8 THROUGH END OF FEBRUARY. (THIS MEANS, FOR EXAMPLE, THAT PERSONS LIVING MORE THAN 6 TO 8 MILES FROM PLACE OF WORK WILL NOT BE ABLE TO COMMUTE IN MEDIUM-SIZED EUROPEAN CAR ALL 38 WORKING DAYS COVERED BY PERIOD.) UNUSED COUPONS CAN BE CARRIED OVER TO NEXT RATIONING PERIOD. STANDARD RATION FOR OTHER REGISTERED VEHICLES INCLUDING DIESEL-PROPELLED WILL BE ADJUSTED TO DISTANCE OF ABOUT 480 MILES. RESERVES OF FUEL WILL BE DISTRIBUTED BY NEED, AFTER APPLICATION, FOR VITAL ACTIVITIES IN TRANSPORTATION, AGRICULTURE, FISHERIES, ETC. EFFECTIVE DECEMBER 19, SALES OF FUEL IN JERRYCANS, ETC. AND BY CURRENCY-OPERATED AUTOMAT DISPENSERS WILL BE PROHIBITED. HOWEVER, OWNERS OF STATIONARY ENGINES, MOTOR SAWS, ETC. WHO NORMALLY PURCHASE FUEL IN CANS MAY CONTINUE TO DO SO.

4. EFFECTIVE JANUARY 8, DELIVERIES OF HEATING OIL TO INDUSTRY WILL BE CUT TO ACHIEVE 10 PERCENT REDUCTION IN CONSUMPTION. DELIVERIES OF HEATING OIL TO HOUSEHOLDS WILL BE CUT 25 PERCENT "IN RELATION TO NEEDS OF A YEAR WITH NORMAL CLIMATIC CONDITIONS." DISCUSSIONS WILL BE HELD WITH LANDLORD-TENANT ORGANIZATIONS ON HOT WATER SUPPLY. BOARD NOTES THAT CUTS IN HOT WATER SUPPLY IN HOMES WILL BE UNAVOIDABLE.

5. WITH REGARD TO ELECTRICITY, EFFECTIVE FEBRUARY 2 THROUGH APRIL QUOTA SYSTEM WILL REDUCE ELECTRICITY SUPPLY TO THOSE USING MORE THAN 500,000 KWH ANNUALLY BY 5-10 PERCENT. EXACT QUOTAS TO BE FIXED AFTER DISCUSSION WITH INDUSTRIAL SECTOR ORGANIZATIONS. THOSE USING LESS THAN 500,000 KWH ANNUALLY INCLUDING HOUSEHOLDS, MAY CONSUME DURING SAME 3-MONTH PERIOD NO MORE THAN 80 PERCENT OF "PREVIOUS CONSUMPTION AND ESTIMATED INCREASE DURING WINTER."
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EXCESS CONSUMPTION WILL BE SUBJECT TO HEAVY EXTRA CHARGE. EFFECTIVE JANUARY 2 THERE WILL BE PROHIBITION ON USE OF ELECTRIC HEATERS TO WARM IN OIL-HEATED HOMES AND BUILDINGS, RECREATIONAL COTTAGES WHEN NOT IN USE, AUTOMOBILE ENGINES AND ON ALL ADVERTISING LIGHTING, EXTERNAL BUILDING ILLUMINATION, AND STORE-WINDOW LIGHTING AFTER CLOSING TIME. OFFICES AND FACTORY LIGHTING MUST NOT EXCEED CERTAIN FIXED NORMS.

6. IT WAS MADE CLEAR AT PRESS CONFERENCE THAT REGULATIONS WOULD BE FLEXIBLY APPLIED TO SMALL CONSUMERS OF ELECTRICITY, SUCH AS PENSIONERS, AND THAT AGED AND HANDICAPPED PEOPLE WOULD NOT BE ALLOWED TO SUFFER.

7. ECONOMIC DEFENSE BOARD ESTIMATES OF PETROLEUM PRODUCTS SUPPLY (IMPORTS PLUS DOMESTIC REFINING) FOR 3-MONTH PERIOD DECEMBER THROUGH FEBRUARY INDICATE 14 PERCENT REDUCTION FOR GASOLINE, 22 PERCENT FOR DIESEL AND LIGHT HEATING OIL, AND 24 PERCENT FOR HEAVY HEATING OIL. THESE REDUCTIONS IN SUPPLY WERE LARGER THAN THOSE PREDICTED IN NOVEMBER FOR 3-MONTH PERIOD NOVEMBER THROUGH JANUARY (I.E., 9, 22, AND 16 PERCENT, RESPECTIVELY). ESTIMATED REDUCTION IN IMPORTS OF CRUDE OIL FOR PERIOD DECEMBER THROUGH FEBRUARY IS 14 PERCENT.

8. FELDT CONFIRMED THAT GOS IS IN CONTACT WITH SEVERAL ARAB COUNTRIES, INCLUDING LIBYA AND IRAQ, WITH VIEW MAKING DIRECT OIL PURCHASES. IRAQ IS, HE SAID, HAD OFFERED TO SELL ONE MILLION TONS OF CRUDE BUT SWEDES ASKED FOR MORE INFORMATION ABOUT TYPES OF OIL AND PRICES BEFORE MAKING DECISIONS. ACCORDING PRESS REPORT, OFFICIAL SWEDISH DELEGATION IS NOW IN LIBYA EXPLORING POSSIBILITIES THERE. OIL TRADE IN SWEDEN IS SOMEWHAT SKEPTICAL ABOUT PROSPECTS OF DIRECT PURCHASES OR AT LEAST WHETHER THEY COULD MAKE SIGNIFICANT IMPACT ON SUPPLY SITUATION IN SWEDEN. OLSEN

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